

# ANOTHER LOOK AT ISSUES OF ECONOMIC GROWTH AND A CAPITAL GAINS TAX CUT

The SPEAKER pro tempore (Mr. COOKSEY). Under a previous order of the House, the gentleman from California [Mr. DREIER] is recognized for 5 minutes.

Mr. DREIER. Mr. Speaker, I know the hour is late, but I would like to take just a few minutes to discuss an issue that was being raised earlier by my friend, the gentleman from Pennsylvania [Mr. FOX] and a wide range of other Members who were here discussing the need for us to look at the issue of economic growth. And also I wanted to respond in part to some of the statements that were made just a few minutes ago by my friend, the gentleman from New Jersey.

As we look at the tax package that is moving forward, one of the things that has been discussed is the need for us to pursue a policy that does in fact encourage economic growth, and at the same time recognizes the need to increase the take-home pay of working Americans.

The fact is, there is an important part of this package which, frankly, I wish had gone further, but because of the constraints imposed by the budget agreement it did not go as far as I would like to see it go, and that is one that relates specifically to the capital gains tax.

On the opening day of the 105th Congress I was pleased to join with both Democrats and Republicans in introducing a bill that is numbered H.R. 14. The reason I remember it is that it takes the top rate on capital gains from 28 percent to 14 percent. Mr. Speaker, our goal was to recognize that the tax on capital is one of the most punitive taxes of all, that hurts most not those who are very rich, and I think we have pretty well succeeded in throwing that ludicrous argument out in which people have said reducing the tax on capital gains is nothing but a tax cut for the rich. We have, I believe, very successfully thrown that out because, as we look at the empirical evidence that we have, we have found that roughly 56 percent of those who are realizing capital gains have incomes that are less than \$40,000 per year.

If we look at those, those people are obviously not considered rich. What are they? They are people who have homes that may have appreciated in value, they have a mutual fund, they are retirees, they are small business men and women who are the backbone of this country.

I believe that reducing that top rate on the capital gains tax will in fact, based on evidence that we have, increase the take-home pay for the average family in this country by \$1,500. Why? It will come about because of the ensuing economic growth. We have got not just theory, which so many have people have said, oh, this is all based on theory, but we have actual facts.

Take this entire century, and go back to the early 1920's. Andrew Mellon

was the Treasury Secretary under President Warren J. Harding. At that time there was a reduction in tax rates, it anticipated the tremendous boom of economic growth that we saw through the 1920's, and, guess what, we even saw an increase in the flow of revenues to the Treasury.

Our great chairman of the Committee on Ways and Means, the gentleman from Texas [Mr. ARCHER] has referred to the fact that this capital gains tax cut is going to increase the flow of revenues to the Treasury. Why? Because of the fact that we do not simply subscribe to that view that the pie is one size and can only be cut up in those little pieces. We subscribe to the view that the pie can grow.

We are enjoying strong economic growth today, but I am convinced that it can be significantly stronger, because there are many Americans who have not been able to benefit from the economic growth that we have seen. Of course, I am referring to those who are in the inner cities in our country.

We see this great talk that has been coming forward from both the President and the Speaker of the House about the need for us to look at the very serious societal problem that we have as race, in race relations. It seems to me, Mr. Speaker, that one of the key things we should do is recognize that a problem that exists in the inner city is primarily due to a lack of capital investment. Reducing the top rate on capital gains is going to play a big role in encouraging investment in a wide range of areas, and I believe it will provide a real boost to those who are in fact in the inner city.

Mr. Speaker, reducing the top rate on capital gains is going to be a win-win all the way around. It is not a tax cut for the rich. It in fact is something that benefits working Americans and at the same time will encourage the \$7 to \$8 trillion that we have locked in from people who are literally afraid to sell because the tax rate on capital gains is so high today, they will be encouraged to move that.

That capital will play a role in providing the much-needed boost in many parts of this country where people have not been able to benefit, and we will see from that growth an increase in our attempt to move on our glide path towards balancing the budget.

Mr. Speaker, I just want to underscore the importance of this, and say that I hope very much that any of my colleagues who have not joined with the 160 to 165 Democrats and Republicans on board on this will in fact become cosponsors of H.R. 14, and continue to work towards a broad-based reduction in capital gains.

I yield to my good friend, the gentleman from Pennsylvania [Mr. FOX].

Mr. FOX of Pennsylvania. Mr. Speaker, I just wanted to take this opportunity to agree with the sentiments of the gentleman, because tax reform is the key to making sure that prosperity for all Americans will come about in this session.

# COMMUNICATION FROM THE HONORABLE BOB WISE, MEMBER OF CONGRESS

The Speaker pro tempore laid before the House the following communication from the Honorable BOB WISE, Member of Congress:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, June 19, 1997.

Hon. NEWT GINGRICH,  
Speaker, House of Representatives, The Speaker's Rooms, Washington, DC.

DEAR SPEAKER GINGRICH: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that I have been served with a subpoena issued by the Circuit Court of Hardy County, West Virginia, in the case of *West Virginia v. Cook*, Crim. Action No. 97-F-20.

After consultation with the Office of General Counsel, I have determined that the subpoena relates to my official duties, and that compliance with the subpoena is consistent with the privileges and precedents of the House.

Very truly yours,

BOB WISE,  
Member of Congress.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ACKERMAN (at the request of Mr. GEPHARDT) for today after 4 p.m. and the balance of the week, on account of official business.

Ms. DEGETTE (at the request of Mr. GEPHARDT) for today and the balance of the week, on account of official business.

Mr. MANTON (at the request of Mr. GEPHARDT) for today before 12:30 p.m., on account of medical reasons.

Mr. POMEROY (at the request of Mr. GEPHARDT) for today and the balance of the week, on account of official business.

Mr. YATES (at the request of Mr. GEPHARDT) for today after 8 p.m., on account of personal reasons.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. KINGSTON) to revise and extend their remarks and include extraneous material:)

Mr. BOB SCHAFFER of Colorado, for 5 minutes each day, today and on June 25.

Mr. JONES, for 5 minutes, today.

Mr. HORN, for 5 minutes each day, on today and June 20.

Mr. METCALF, for 5 minutes, today.

Mr. SANFORD, for 5 minutes, today.

Mr. KINGSTON, for 5 minutes each day, on today and June 25.

Mr. FOX of Pennsylvania, for 5 minutes, today.

Mr. FORBES, for 5 minutes, today.

Mr. SOUDER, for 5 minutes, today.

Mr. GRAHAM, for 5 minutes, today.

Mr. EHRLICH, for 5 minutes, today.